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A STEP-BY-STEP GUIDE TO

# MAKING *a* COMPLAINT

*A guide for investors from the*

**Ontario Securities Commission**



Ontario



The examples used in this guide are fictional. The individual facts of each case will determine its outcome. Actual complaints are assessed on an individual, case-by-case basis.

## How to contact us

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If you have a question or a complaint, you can contact us in one of the following ways:

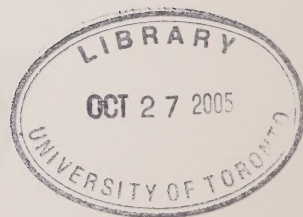
**Telephone** (416) 593-8314  
Toll free 1-877-785-1555

**Fax** (416) 593-8122

**E-mail** [inquiries@osc.gov.on.ca](mailto:inquiries@osc.gov.on.ca)

**Or write to**  
Ontario Securities Commission  
Contact Centre  
20 Queen Street West,  
Suite 1900, Box 55  
Toronto, Ontario  
M5H 3S8

**Visit our Web site**  
[www.osc.gov.on.ca](http://www.osc.gov.on.ca)



# ABOUT THE ONTARIO SECURITIES COMMISSION

*The Ontario Securities Commission (OSC)  
regulates the securities industry in Ontario.*

We administer and enforce Ontario's  
*Securities Act* and *Commodity Futures Act*.

Our goals are:

- To foster fair and efficient capital markets
- To provide protection for investors from unfair, improper or fraudulent practices
- To maintain public confidence in the integrity of the markets

Sometimes investors think that means getting their money back when they've experienced an investment loss. Others call us looking for investment advice. Let's take some time, now, to clear up any misconceptions.

## ***We cannot:***

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- Give advice on an investment;
- Unwind a transaction;
- Act as your legal counsel; or
- Get your money back.

## ***We can:***

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- Answer your inquiries about investment products and services;
- Investigate certain complaints; or
- Tell you if your adviser or investment firm is registered in Ontario.

We also offer a range of investor education resources, available on our website, by telephone and from our offices.

When you have a complaint, or think you do, this guide can help you put the pieces together. We encourage you to learn about the complaint process, and become a partner in your own protection.

# KEY WORDS WE USE IN THIS GUIDE

**Arbitration:** An alternative, less costly legal process than going to civil court, where you agree to accept the findings of an independent arbitrator in a dispute as final. Arbitration is available in Ontario to clients of firms that belong to the *Investment Dealers Association of Canada*.

**Branch manager:** Someone who supervises advisers who work in a branch of an investment firm. A branch manager can resolve most client complaints. You are advised to write to the branch manager if you cannot solve a problem with your adviser directly.

## **Canadian Securities**

**Administrators (CSA):** The CSA is an association of securities regulators from the ten provinces and three territories. The regulators share a common mandate for investor protection. Securities authorities oversee Canada's stock exchanges, self-regulatory organizations and industry practitioners, such as mutual fund dealers or financial advisers.

**Civil court:** A court that hears more complex cases involving larger sums for damages and compensation. If you take your case to civil court, you will probably need to hire a lawyer.

**Compliance officer:** A person employed by a firm to make sure that employees follow securities industry rules. If your problem is not resolved by the branch manager, write to the compliance officer.

## **Investment Dealers**

### **Association of Canada (IDA):**

An industry association and Self-Regulatory Organization (SRO) that is answerable to the Ontario Securities Commission. It sets and enforces rules and standards of business conduct

for its member firms. The IDA was established in 1916 and recognized as an SRO in 1995.

### **Mutual Fund Dealers Association of Canada (MFDA):**

An industry association and Self-Regulatory Organization (SRO) that is answerable to the Ontario Securities Commission. It sets and enforces the Rules, By-Laws and Policies for its member firms. The MFDA was incorporated in 1998 and recognized as an SRO in 2001.

### **Ombudsman for Banking**

**Services and Investments:** An alternative, industry-sponsored resolution service established in 2002. Complaints from customers of banks, IDA members, MFDA members, Investment Funds Institute of Canada member firms, and most federally regulated trust and loan companies will be reviewed provided the firm was unable to resolve the matter. Ombudsman reviews are based on fairness and industry best practices.

### **Self-Regulatory Organization**

**(SRO):** An organization delegated by the securities regulator with many powers to regulate its members and investigate complaints from investors. Under the Securities Act of Ontario, the Ontario Securities Commission may recognize an SRO if it is satisfied that doing so would be in the public interest. This allows the SRO to establish standards of practice and business conduct of its members and their representatives in accordance with its by-laws, rules, regulations and policies.

**Small claims court:** A court where relatively minor claims for compensation and damages are heard. If you are seeking compensation from your firm of less than \$10,000, you can take your case to this court. It is not likely that you will need to be represented by a lawyer in small claims court.



# WHAT WE COVER IN THIS GUIDE

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***Do I have a complaint? .....4***

What some of the most common problems are.

***What can I do if I have a problem? .....6***

The three main options available to you once you know what you want to achieve.

***Addressing issues with your firm. ....8***

Who you'll need to speak to so that your issue is dealt with promptly.

***Tips for effective complaints. ....10***

How to write a complaint letter that explains your case clearly.

***Contacting the regulators. ....12***

Who the regulators are and what they can and can't do for you.

***How to file a complaint with us. ....14***

Tips for completing the OSC's complaint form.

***Your other options. ....18***

Deciding whether to go to small claims court, arbitration or civil court.

***How to avoid problems. ....20***

Ask questions, be vigilant and read the fine print.

***Other Resources. ....22***

Free investor resource information and useful contact numbers.



# DO I HAVE A COMPLAINT?

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*Investments may not always turn out the way we want them to.*

Their values can fluctuate and cause you to lose money. This isn't necessarily anyone's fault. This is simply a reality of the investment markets, and it's the responsibility of you and your adviser to ensure that the investments you choose are suitable for your risk tolerance and personal circumstances.

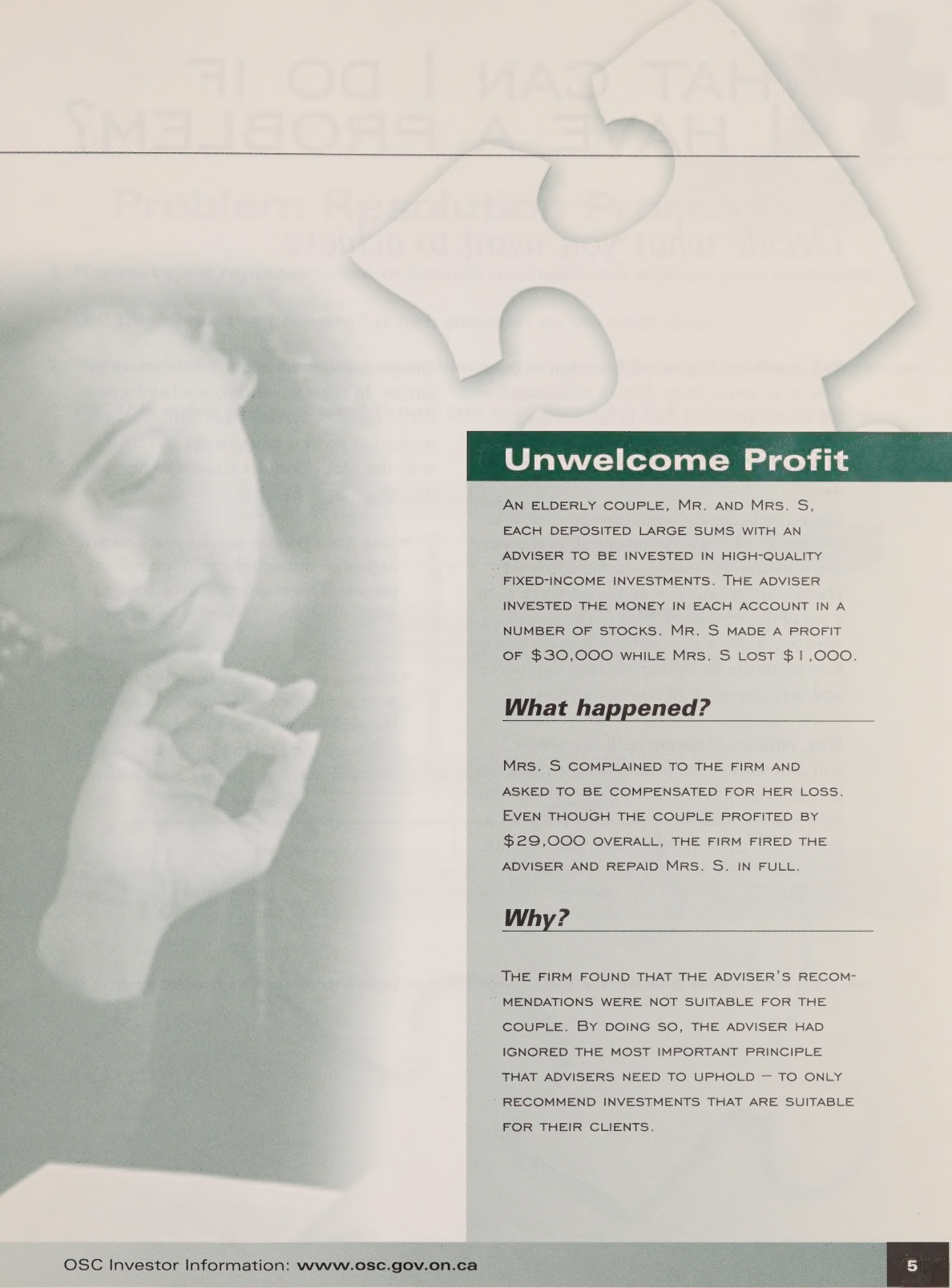
However, as with any service, mistakes can happen in the investment industry. These can range from minor errors to more serious mishaps. In most cases, the firm you deal with will act quickly to fix such problems. At other times, the matter may be more difficult to resolve or the firm may dispute that a mistake has occurred.

If you find yourself involved in one of these situations, you will want to put matters right as quickly as possible. This booklet explains how to do that.

Occasionally, you might lose money investing because the person or firm you deal with has acted improperly; for example:

- If an adviser recommends an investment that is unsuitable for the client.
- If an adviser makes an investment without first getting the client's approval.
- If an adviser generates excessive commissions by encouraging clients to buy and sell investments frequently without a sound reason to do so.





## Unwelcome Profit

AN ELDERLY COUPLE, MR. AND MRS. S, EACH DEPOSITED LARGE SUMS WITH AN ADVISER TO BE INVESTED IN HIGH-QUALITY FIXED-INCOME INVESTMENTS. THE ADVISER INVESTED THE MONEY IN EACH ACCOUNT IN A NUMBER OF STOCKS. MR. S MADE A PROFIT OF \$30,000 WHILE MRS. S LOST \$1,000.

### ***What happened?***

MRS. S COMPLAINED TO THE FIRM AND ASKED TO BE COMPENSATED FOR HER LOSS. EVEN THOUGH THE COUPLE PROFITED BY \$29,000 OVERALL, THE FIRM FIRED THE ADVISER AND REPAID MRS. S. IN FULL.

### ***Why?***

THE FIRM FOUND THAT THE ADVISER'S RECOMMENDATIONS WERE NOT SUITABLE FOR THE COUPLE. BY DOING SO, THE ADVISER HAD IGNORED THE MOST IMPORTANT PRINCIPLE THAT ADVISERS NEED TO UPHOLD – TO ONLY RECOMMEND INVESTMENTS THAT ARE SUITABLE FOR THEIR CLIENTS.



# WHAT CAN I DO IF I HAVE A PROBLEM?

*Decide what you want to achieve.*

You may be seeking an explanation, a correction to an error, an apology or compensation for money you have lost. In more serious cases, you may fear that someone has broken the rules.

Once you begin the complaint process, it is imperative that you document all of the steps you take towards resolution, including telephone conversations, e-mails and faxes. Keep a log of the times and dates of phone calls, who you spoke with and what was discussed. Communicate in writing as much as possible and keep copies of all correspondence.

First, raise your concern with the person you deal with at the firm. Most problems are solved quickly by contacting the person who sold you the product or provided you with a service. They are familiar with your account and will be able to clear up any misunderstanding.

However, you may need to take the matter further. In these situations, you have a number of options. At any time during your resolution process you can get in touch with the OSC Contact Centre to discuss the alternatives.

- Your first option is to take your concern higher up through the firm's complaint process. This might mean you have to speak to several different people at the firm.
- In cases where you are complaining about poor service, we will try to help you solve the problem with the firm. However, if you want the firm to pay money back to you, you may have to take legal action.



# Problem Resolution Process –

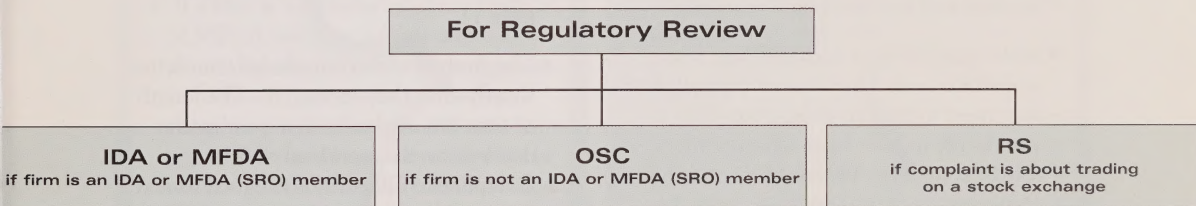
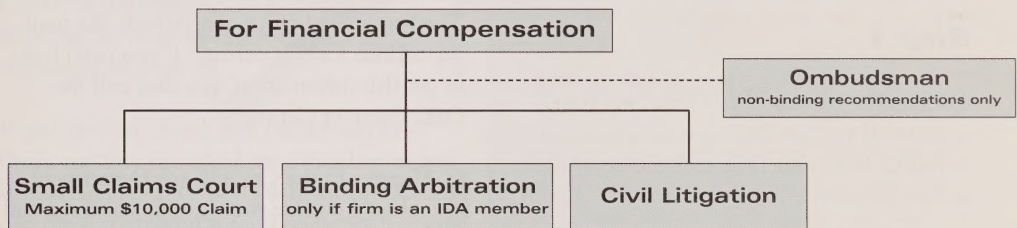
**1. Contact your representative or branch manager and explain your concerns.**

**Did this solve the problem? If not, proceed to the next step.**

**2. Write to the firm's compliance officer and allow sufficient time for a full review.**

**Did this solve the problem? If not, you may consider the following options:**

**3.**



**4. If the problem remains unresolved, there is likely nothing more you can do.**

# ADDRESSING ISSUES WITH YOUR FIRM

## *Ask for details about the firm's formal complaint process.*

Going first to the firm that handles your account makes sense. They have all the records of what happened and are in the best position to put matters right.

### **Step 1.**

Contact the person who is handling your account. If you are dealing with a discount or online brokerage firm, call the customer service department.

- Clearly explain what your problem is. Have handy any reference numbers that you might need, such as your account number and any transaction numbers.
- Make notes of your conversation, who you spoke to and the time of the call. You may need to refer to these notes later if you decide to take legal action or file a formal complaint with the firm and the regulators.
- The person you speak to may immediately agree that you have a valid complaint, or they may be able to clear up any misunderstanding. If the firm agrees to fix a problem, write a letter to the individual you spoke to confirming what you discussed. Send a copy of the letter to the firm's branch manager.

### **Step 2.**

If the matter remains unresolved, you may take it further by sending a written complaint letter to the firm's compliance officer. The firm's head office can provide the mailing address for this person. If you need help to get this information, you may call the OSC Contact Centre.

- Letters to the Compliance Department should outline your specific concerns and include copies of any documents or statements that support your position. Keep the letter factual and business-like - review the sample complaint letter on page 11.
- The firm should acknowledge your letter shortly after they receive it. The length of time required to review your matter depends on the workload of the Compliance Officer it is assigned to and the complexity of your situation. While most firms will estimate the time required for resolution, the estimates may vary depending on the Officer's findings.

*Keep notes of all your conversations.*



### **Step 3.**

If the firm completes its review and you remain unsatisfied with their conclusions, you can follow one of several approaches, depending on the outcome you expect.

If you are seeking financial compensation, you can pursue the matter in Small Claims Court, through Binding Arbitration, in Civil Court, or through the Ombudsman for Banking Services and Investments as explained on page 18.

If you are concerned that the adviser's or firm's conduct breached securities law or any Rule, Regulation or By-Law of an SRO, you can file a complaint for a Regulatory Review and possible disciplinary proceedings with the appropriate regulator.

- If a firm is a member of either the IDA or MFDA you may submit your complaint directly to them. Both organizations have a process for reviewing complaints as well as the ability to initiate an Enforcement action should it be warranted. You may contact these organizations to confirm whether your advisor and dealer are members.

## **Delayed trade**

MS. J PLACED AN ORDER TO BUY 100 SHARES OF XYZ COMPANY THROUGH HER BANK-OWNED ONLINE BROKERAGE FIRM. AT THE TIME SHE PLACED THE ORDER, THE SHARES WERE TRADING AT \$20 PER SHARE. MS. J'S ORDER WAS FILLED 10 MINUTES LATER AT A TIME WHEN THE SHARE PRICE HAD RISEN TO \$26 PER SHARE. THE COST FOR THE 100 SHARES WAS \$600 MORE THAN SHE WAS WILLING TO PAY.

### **What happened?**

MS. J COMPLAINED THAT THE FIRM'S DELAY IN PROCESSING HER ORDER COST HER THE ADDITIONAL MONEY. SHE ASKED THE FIRM'S BRANCH MANAGER TO REFUND HER THE \$600 DIFFERENCE. THE BRANCH MANAGER REFUSED AND MS. J APPEALED TO THE BANK'S OMBUDSMAN. THE OMBUDSMAN ALSO DECLINED HER REQUEST.

### **Why?**

THE BRANCH MANAGER AND THE OMBUDSMAN BOTH POINTED OUT THAT THE ACCOUNT AGREEMENT MS. J SIGNED, WHEN SHE OPENED HER ACCOUNT, STATED THAT THE FIRM WOULD NOT BE LIABLE FOR DELAYS IN TRADES BEING EXECUTED. THEY ALSO FOUND THAT MS. J COULD HAVE SET A LIMIT ON THE PRICE SHE WAS WILLING TO PAY FOR THE SHARES.

# TIPS FOR EFFECTIVE COMPLAINTS

*It's often best to explain the problem in writing.*

- When you first contact the firm with a problem, you can do so on the telephone. But remember to take notes of your conversation, who you spoke to, and the date and time of the call.
- Even if a single call is all it takes to fix the issue, follow up with a letter confirming what you have agreed to. Copy the letter to the branch manager.
- If the initial phone call doesn't produce results, put your concerns in writing.
- Your letter needs to clearly explain what the issue is and how you expect the firm to fix things.
- Always keep a copy of each letter you write for your own files.
- It's best to type the letter or write it in dark ink. This will make for better quality photocopies.
- Write "Complaint" at the top of your letter so that the person receiving it knows immediately what it is about.
- Include any account numbers, product details or transaction numbers.
- Keep the tone of your letter polite and straightforward.
- Explain the problem in the order that the events occurred.
- Enclose copies of any relevant documents, such as account statements, trade confirmations and any letters you've written or received about the issue. **Never** send the originals of any documents in case they get lost.

We have included a sample letter to a firm on the opposite page.



## Sample complaint letter to a firm —

123 Any Road  
Toronto, ON  
M0M 1M1

June 30, 2004

Mr. B. Baker  
Branch Manager  
AAA Securities Co.  
456 Any Street  
Toronto  
M0M 1M1

Dear Mr. Baker:

**RE: COMPLAINT – Self-Directed RRSP # AAA 1234567**

I write following my phone conversation with your representative, Ms. A. Lechance, on June 28, 2004. In that conversation I asked for details about a \$125 debit from my Self-Directed RRSP on May 7, 2004. Ms. Lechance informed me that the amount deducted was your firm's annual fee for a Self-Directed RRSP and she cannot reverse the transaction.

As I explained to Ms. Lechance, my instructions to your firm when I opened the account were that I did not wish the fee to be deducted from my Self-Directed RRSP, but preferred to have the amount taken from my cash account. I have included a copy of the account agreement of February 2, 2004 which confirms my instructions.

I am asking you to please reverse the debit of \$125 from my Self-Directed RRSP and deduct the same amount from my cash account.

I look forward to your reply.

Yours truly,

Emma Lee

# CONTACTING THE REGULATORS

*Our role is to administer and enforce  
Ontario securities law.*

If you are unable to resolve your problem with the firm, you can call our Contact Centre. We will assist you wherever possible or suggest a suitable course of action for you.

Where there is evidence that someone may have violated the Securities Act, we will review the matter.

If you feel that someone has acted improperly and you are unable to resolve the issue with the firm, you should prepare a formal complaint to us in writing. On page 14, we explain what information you should include in your complaint.

If the problem involves a firm that is a member of the Investment Dealers Association of Canada (IDA), send your complaint directly to the IDA's Central Complaint Bureau at Suite 1600, 121 King Street West, Toronto, ON M5H 3T9 or by fax at 416-364-0753.

If the problem involves a firm that is a member of the Mutual Fund Dealers Association of Canada (MFDA), send your complaint directly to the Complaints Department, Enforcement Branch, Mutual Fund Dealers Association of Canada, Ste 1600, 121 King Street West, Toronto, ON M5H 3T9 or by fax at (416) 943-1218.

If your complaint involves a trading-related matter involving a company listed on either

the Toronto Stock Exchange (TSX) or the Venture Exchange (TSX VE), you may mail your complaint to the Corporate Compliance Officer, Market Surveillance, Market Regulation Services Inc., 145 King Street West, Ste 900, Toronto, ON M5H 1J8.

Situations where you might want to file a complaint with Market Regulation Services (RS) include: poor execution of an order, suspicious trading, allegations of insider trading or possible violations of trading rules by any market participant.

As self-regulatory organizations (SROs), the IDA and MFDA regulate the standards of practice and business conduct of their members, in accordance with their by-laws, rules, regulations and policies. However, we oversee the work they do. You can send us a copy of any complaint you make to the IDA, MFDA or RS.

When you are not sure if the firm is an IDA or MFDA member, you can still file your complaint with us. We will let you know if we are going to send it to the IDA or MFDA to review.

Should your complaint be against a firm that is not a member of an SRO, you may send your complaint directly to the OSC for review. Please note that neither the OSC nor the SROs have the ability to unwind your transactions or order financial compensation.



## How we handle your complaint —

When we receive your complaint, it is either forwarded to an SRO, or it is assigned to one of our Inquiries Officers who will contact you (within five business days) as part of our review. At that time, we will also let you know when we expect to complete our review.

- How long it takes depends on how complex the problem is. We may need time to get more information from you and the firm.
- While we are conducting our review, we cannot give you any information about the status of your complaint. We need to keep our activities confidential so that our review is not compromised.
- Once we have completed our review, we will send you a letter explaining our findings.

If there is sufficient evidence to support a possible breach of securities laws, your matter may be referred to the Case Assessment area of the Enforcement Branch for further review.

## Risky business

MR. D RECEIVED A PHONE CALL FROM HIS ADVISER WHO RECOMMENDED HE BUY SHARES IN A SPECULATIVE DIAMOND EXPLORATION COMPANY. MR. D AGREED TO BUY 4,000 SHARES IN THE COMPANY. A WEEK LATER, THE SHARE PRICE STARTED TO FALL AND THE ADVISER URGED MR. D TO SELL HIS SHARES TO AVOID FURTHER LOSS. MR. D DECIDED TO HANG ON TO THE SHARES, WHICH LATER BECAME WORTHLESS WHEN THE COMPANY WENT BANKRUPT AND WAS DELISTED FROM THE STOCK MARKET.

### ***What happened?***

MR. D COMPLAINED THAT HIS ADVISER HAD SOLD HIM A BAD INVESTMENT AND SHOULD HAVE KNOWN THE COMPANY WAS GOING TO GO BANKRUPT. HE ASKED HIS ADVISER AND THE FIRM TO COMPENSATE HIM FOR HIS LOSS. THE FIRM OFFERED TO PAY MR. D ONLY THE AMOUNT HE HAD LOST TO THE TIME WHEN THE ADVISER URGED HIM TO SELL THE SHARES, AND MR. D ACCEPTED. LATER, THE ADVISER WAS FINED \$10,000 AND ORDERED TO REDO A COURSE ON INDUSTRY RULES AND REGULATIONS.

### ***Why?***

A HEARING FOUND THAT WHILE THE ADVISER TRIED TO LIMIT HIS CLIENT'S LOSS, HE SHOULD NEVER HAVE RECOMMENDED THE DIAMOND COMPANY TO MR. D. THIS WAS BECAUSE THE INVESTMENT WAS HIGHLY SPECULATIVE AND OUT OF LINE WITH HIS CLIENT'S GOAL OF LONG-TERM GROWTH THROUGH HIGH QUALITY STOCKS.

# HOW TO FILE A COMPLAINT WITH US

*Tell your story, the way it happened.*

You should put your complaint in writing and mail it to us at the address inside the front cover of this guide. Below you can find tips on how to compile your complaint. You can also download a complaint form from our website.

- Before writing your complaint, make a list of the things you want to say. For each point, provide answers to these questions: WHAT happened; WHEN did it happen and WHO was involved. Make a separate list of all the documents you have to support your complaint as well as any witnesses to the events.
- Stick to the facts and avoid subjective comments. Although you may feel frustrated that your complaint has not been fixed after several attempts, don't be tempted to exaggerate events.
- Type your complaint or print it clearly in dark ink. This will make it easier to read and photocopy.
- Make sure you include the following information: your name, address and telephone numbers; the name of the firm involved, the people you dealt with and your account numbers at the company.
- Describe what happened in the order that the events occurred. List the dates when things happened and the names of the people involved. Provide details of where any conversations or meetings took place and who attended the meetings or took part in the conversations.
- If possible, explain why you think what happened was improper.
- List the steps you have taken to solve the problem with the individual concerned and the firm.
- Include copies of any notes you've made or letters you have written or received about the issue. Also include copies of any relevant certificates, agreements, cancelled cheques, advertisements or any other documents that might help us understand your complaint. Do not send original documents.
- List the names, addresses and contact numbers of anyone else you know who might have a similar complaint.

On the next 3 pages, we provide a sample of our complaint form along with an example of a chronological outline, which should be included on the form or accompany your complaint on a separate sheet.



## ONTARIO SECURITIES COMMISSION COMPLAINT FORM

First, try to resolve your complaint with the subject company or firm. In the case of an investment dealer, contact the firm's Compliance Officer. If the complaint is still not resolved, you may print and use this form to submit your complaint in writing to:

**Ontario Securities Commission, Inquiries Unit, 20 Queen Street West, Floor 1900, Box 55,  
Toronto, Ontario, M5H 3S8. Fax: 416-593-8122. Please include your contact telephone  
numbers, and area code.**

### YOUR INFORMATION

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: Province: Postal Code: \_\_\_\_\_

Telephone No. (s): \_\_\_\_\_

### SUBJECT OF YOUR COMPLAINT

Subject Company or Investment Firm: \_\_\_\_\_

Name of Subject Officer, Advisor, or Salesperson: \_\_\_\_\_

Account No.(s): \_\_\_\_\_

Please give a brief, chronological, outline of your complaint. Attach copies of relevant documents (e.g. correspondence with the company, your advisor or your advisor's compliance officer, statements of account etc.).

(continue on reverse)

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

### NOTICE OF COLLECTION AND USE OF PERSONAL INFORMATION

(Pursuant to the Freedom of Information and Protection of Privacy Act, R.S.O. 1990)

#### Collection, Use and Disclosure of Personal Information:

The collection by the OSC of personal information may be necessary for the OSC to complete its review of this complaint. Disclosure by the OSC of personal information may be necessary to other government or non-government regulatory authorities or self-regulatory organizations, private bodies or agencies, individuals, corporations and other organizations for the purpose of reviewing the complaint.

# HOW TO FILE A COMPLAINT WITH US

## Outline of a complaint.

### SUMMARY OF FACTS:

**December 2, 2003** – I opened an account at XYX Investment Company with a deposit of \$25,000. My investment objective was “long-term growth” and my risk tolerance was described as “conservative”. The money was invested 50% in the Conservative Stock Fund and 50% in the Steady Balanced Fund. See attached New Client Form and trade confirmations.

**January 12, 2004** – Mr. Adviser called me to recommend that I sell half of my Steady Balanced Fund and invest it in the High Stakes Speculative Technology Fund to improve my returns. He also told me to sell my holdings of Blue Chip Dividend fund and invest the money in the Giant Companies Growth Fund. See attached trade confirmations and my notes of the call.

**March 3, 2004** – Mr. Adviser recommended I sell half of my holding in the Giant Companies Growth Fund and reinvest back in the Blue Chip Dividend Fund. He also advised selling the High Stakes Speculative Technology Fund and using the money to invest in XYZ Exploration Ventures. See attached trade confirmations and my notes of the call.

**March 12, 2004** – Mr. Adviser informed me that he had sold my holdings in XYZ Exploration Ventures after it had fallen 20% in value. He also informed me that he had invested the proceeds in Gold Diggers Co. He asked me to approve the transactions, since he had done them without my authorization, because he could not reach me at the time. See attached trade confirmations and my notes of the call.

**March 23, 2004** – I noticed in the paper that day that Gold Diggers Co. had fallen from \$1.13 to \$0.37 the previous day. I called Mr. Adviser but was told he was not available. I asked his assistant to sell my shares of Gold Diggers Co. The shares were sold for \$0.13 per share. See attached trade confirmations.

**March 24, 2004** – I called Mr. Adviser and told him I was unhappy with how my account was being managed and felt I should be compensated for my losses and for the commissions I had paid. In total, my original investment had fallen by \$7,250 in less than four months. He said he did not agree. I then wrote a letter to the branch manager, Mr. B Supervisor, and copied it to the firm's compliance officer Ms. C Legal (see attached letter and my notes of the call to Mr. Adviser).

**April 12, 2004** – I got a letter from Ms. C Legal saying the firm was satisfied that Mr. Adviser had acted in my best interests and that any losses were my own doing (see attached letter).

I believe that Mr. Adviser was not acting in my best interests. The investments recommended to me were not suitable for my needs as a long-term, conservative investor. Mr. Adviser alone benefited from his recommendations to me through the commissions generated from the frequent trading in my account. Mr. Adviser had no right to sell my shares in XYZ Exploration Ventures and use the money to buy shares in Gold Diggers Co. without getting my permission first.

DATE: **April 17, 2004**

SIGNATURE: **Your Signature**



# YOUR OTHER OPTIONS

## *Seeking compensation: four options.*

After exploring every avenue with the firm you have four options to seek compensation. Exactly what legal steps you take will depend on how much money you want to get back, and whether the firm involved is part of an arbitration scheme.

It is a good idea to consult with a qualified securities lawyer before you decide which option to pursue. A lawyer can also help you define the key legal issues of your case and give you an opinion on your case.

### **Option 1: Small Claims Court.**

Small claims court gives you an easier and less expensive way to sue for compensation and damages of up to \$10,000. Many people represent themselves in small claims court. If your problem is complicated you may want to bring a lawyer to help you. If you win your case, the judge may also order that the firm compensate you for your legal costs up to certain limits.

You can pick up self-help guides at any small claims court in Ontario that explain how the court works and what forms you need to complete. These guides and forms are also available on the Internet at [www.attorneygeneral.jus.gov.on.ca](http://www.attorneygeneral.jus.gov.on.ca). When you file your claim, you will have to pay a court fee. This fee covers the cost of handling your claim and the judge may add it to the money you are entitled to collect if you win your case.

### **Option 2: Binding Arbitration.**

If the firm that you have the disagreement with is a member of the IDA, you have the option of taking your case to a hearing by an independent arbitrator. When you choose this route, you agree to treat the arbitrator's decision as final. **You give up the right to appeal the case in the courts if you are not satisfied with the judgement.**

For arbitration to occur:

- Your claim must generally be between \$6,000 and \$100,000, although the amount can be outside this range if both you and the firm agree;
- You must have tried to resolve the dispute with the firm; and
- The problem must have originated after June 30, 1998.

Arbitration is usually cheaper and less time-consuming than taking your case to civil court. You can choose to present your case yourself or hire a lawyer to help you. The firm will likely be represented by one or more lawyers.

The cost of the arbitration hearing is shared between you and the firm you are suing. The arbitrator may also order that whoever loses the case pay all the costs of the hearing.

For more information on the arbitration program you can visit the IDA's Website, [www.ida.ca](http://www.ida.ca). You can also find other contact information on arbitration on the back inside cover of this guide.

### ***Option 3: Civil Court.***

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If you are trying to recover a large sum of money, then your most likely option is to take your case to civil court.

**You should get a lawyer to take your case to civil court.** If you need the name of a securities lawyer, call the Law Society of Upper Canada's lawyer referral service at 1-900-565-4577. Phoning the line will automatically generate a \$6 charge on your phone bill in the month following your call. You must be 18 years of age to access this service.

### ***Option 4: The Ombudsman for Banking Services and Investments.***

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The Ombudsman's office is an industry-funded service that will receive and review investor complaints. Once the firm has completed its review, you may submit a complaint to the Ombudsman if you are complaining about a bank, member firm of the IDA, MFDA or Investment Funds Institute of Canada and most federally regulated trust and loan companies.

The Ombudsman will attempt to resolve complaints seeking compensation to a maximum of \$350,000. After reviewing the matter the Ombudsman may recommend compensation; however the Ombudsman's recommendation is not binding upon the parties.

# HOW TO AVOID PROBLEMS

*Always ask questions about anything you don't understand.*

Getting into a dispute with an investment firm is not fun for anyone. But there are things you can do to lessen the chances of finding yourself in that situation. Taking steps to avoid problems can also help you be prepared if a problem does arise.

- **Read the fine print.** Read every document your investment firm provides you, including account agreements, mutual fund and other prospectuses, account statements and trade confirmations. This will help prevent misunderstandings over fees and service standards. Be especially careful about signing agreements that say you have received a prospectus or other disclosure document when you haven't been given one.
- **Keep records.** File all documents about your account in a safe place after reading them. Ask your adviser for an updated copy of your investment profile at least once a year. Take notes of each conversation you have with your adviser or dealer and file these away, as well.
- **Ask questions.** Be inquisitive and show interest in your investments. Ask your adviser to explain why he or she thinks a particular investment is suitable for you. Ask how various fees, commissions and other charges affect your investments.

- **Think things over.** Don't make a quick decision because someone tells you a delay could mean you will miss out on a rare opportunity. A good quality long-term investment should be as attractive tomorrow as it is today. Never sign an agreement or other document until you have taken it home to read.

- **Keep your adviser informed.** Make sure your adviser knows about changes in your life or your feelings toward risk. These can significantly change the advice your adviser provides you. Keep your adviser informed if your income, your health or your family situation changes.


## Remember:

- **Never sign a blank document.**
- **Never invest in anything you don't understand.**
- **Any document you sign may be used as evidence should problems develop in the future.**



## Keep a record of all dealings —

### When Your Broker Calls, Take Notes!



Date \_\_\_\_\_

☐ Call made    ☐ Call received    ☐ Meeting

Name of Salesperson/Adviser \_\_\_\_\_

Salesperson's/Adviser's Firm \_\_\_\_\_

Time \_\_\_\_\_

Location \_\_\_\_\_

Phone \_\_\_\_\_

Make copies of this form to have handy and use it to make notes of conversations with your salesperson or adviser. Be sure to record details of the recommendations you receive and the instructions you give. Keep the notes in your files.

#### Investment Recommendation

☐ Buy                      ☐ Sell

Name of Security \_\_\_\_\_

Reasons for recommendation \_\_\_\_\_

How does this meet my investment objectives? \_\_\_\_\_

I asked to receive written information about the investment before making a decision.

☐ Yes                      ☐ No

I will get:

- ☐ a prospectus
- ☐ an offering memorandum
- ☐ most recent Annual Report
- ☐ most recent quarterly or interim reports
- ☐ recent news releases
- ☐ research reports prepared by the dealer/adviser
- ☐ other information

What are the risks? \_\_\_\_\_

#### Proposed trade

Number of shares/units \_\_\_\_\_

Price per share \$ \_\_\_\_\_ Total cost \$ \_\_\_\_\_

Commission to dealer \_\_\_\_\_

What are the risks? \_\_\_\_\_

#### My instructions

☐ Do nothing    ☐ Buy                      ☐ Sell

Number \_\_\_\_\_ Price \$ \_\_\_\_\_

**CSA/ACVM**

Canadian Securities Administrators    Autorités canadiennes en valeurs mobilières

Get into the habit of keeping notes of all your conversations with your adviser. This "Take Note" pad, available free from the OSC, can help you keep track of important details of each call from your adviser.



# OTHER RESOURCES

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*You can receive other resource information from the OSC, free of charge, by calling (416) 593-8314, toll-free at 1-877-785-1555 or by visiting the Investor e.ducation Fund website, [www.investorED.ca](http://www.investorED.ca)*

The Ontario Securities Commission is part of the Canadian Securities Administrators (CSA) [www.csa-acvm.ca](http://www.csa-acvm.ca), an umbrella organization of securities regulators representing all provinces and territories. Free Investor Education Kits containing both CSA and OSC investor resources are available through the Ontario Securities Commission. If you would like to receive a kit, please contact the OSC.

With so many financial choices and opinions, you should be confident that the information you receive is in your best interest. The Investor e.ducation Fund was established by the Ontario Securities Commission to provide investors with an objective source of financial information. Make use of the resources offered by the Fund on [www.investorED.ca](http://www.investorED.ca).

## Contact information for organizations mentioned in this guide.

### ***Ombudsman for Banking Services and Investments***

P.O. Box 896  
 Station Adelaide  
 Toronto, ON M5C 2K3  
 Tel: 1 (888) 451-4519 or (416) 287-2877  
 Fax 1 (888) 422-2865 or (416) 225-4722  
 Website: [www.obsi.ca](http://www.obsi.ca)  
 E-mail: [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)

### ***IDA Central Complaints Bureau***

121 King Street West, Suite 1600  
 Toronto, Ontario M5H 3T9  
 Tel: (416) 364-6133  
 Fax: (416) 364-0753  
 Website: [www.ida.ca](http://www.ida.ca)

### ***IDA Arbitration Program***

Arbitration Dispute Resolution (ADR)  
 Chambers  
 112 Adelaide Street East  
 Toronto, Ontario  
 M5C 1K9  
 Tel: (416) 362-8555 or 1 (800) 856-5154  
 Fax: (416) 362-8825  
 Website: [www.adrchambers.com](http://www.adrchambers.com)  
 E-mail: [adr@adrchambers.com](mailto:adr@adrchambers.com)

### ***Mutual Fund Dealers Association of Canada***

Complaints Department, Enforcement  
 Branch  
 Mutual Fund Dealers Association of Canada  
 Suite 1600, 121 King Street West  
 Toronto, ON M5H 3T9  
 Fax: (416) 943-1218  
 Website: [www.mfda.ca](http://www.mfda.ca)

### ***Small Claims Court & Civil Court***

See the blue pages in your local telephone directory or contact —  
 The Ministry of the Attorney General  
 Tel: (416) 326-2220  
 Website: [www.attorneygeneral.jus.gov.on.ca](http://www.attorneygeneral.jus.gov.on.ca)

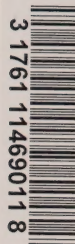
### ***Market Regulation Services Inc.***

Corporate Compliance Officer  
 Market Surveillance  
 Market Regulation Services Inc.  
 145 King Street West, 9th Floor  
 Toronto, ON M5H 1J8  
 Tel: (416) 646-7299  
 Website: [www.regulationservices.com](http://www.regulationservices.com)  
 E-mail: [complaints@rs.ca](mailto:complaints@rs.ca)

### ***Law Society of Upper Canada***

Osgoode Hall  
 130 Queen Street West  
 Toronto, Ontario M5H 2N6  
 Tel: (416) 947-3300 or 1 (800) 668-7380  
 Fax: (416) 947-5263  
 Website: [www.lsuc.on.ca](http://www.lsuc.on.ca)  
 E-mail: [lawref@lsuc.on.ca](mailto:lawref@lsuc.on.ca)  
 Lawyer referral service (9 am to 5 pm,  
 Monday to Friday): 1 (900) 565-4577  
 (\$6 per call).





## How to contact us

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If you have a question or a complaint, you can contact us in one of the following ways:

**Telephone** (416) 593-8314  
Toll free 1-877-785-1555

**Fax** (416) 593-8122

**E-mail** [inquiries@osc.gov.on.ca](mailto:inquiries@osc.gov.on.ca)

**Or write to**  
Ontario Securities Commission  
Contact Centre  
20 Queen Street West,  
Suite 1900, Box 55  
Toronto, Ontario  
M5H 3S8

**Visit our Web site**  
[www.investorED.ca](http://www.investorED.ca)